

Mr Wayne Upton  
Chairman  
International Financial Reporting Interpretations Committee  
30 Cannon Street  
London  
United Kingdom  
EC4M 6XH

Email: [ifric@ifrs.org](mailto:ifric@ifrs.org)

15 August 2011

Dear Mr Upton,

**Tentative agenda decision: IFRS 3: Business Combinations – Business combinations involving newly formed entities: factors affecting identification of the acquirer**

Deloitte Touche Tohmatsu Limited is pleased to respond to the IFRS Interpretation Committee's ("the Committee") publication in the July 2011 *IFRIC Update* of the tentative decision not to take onto the IFRIC's agenda requests for Interpretations of IFRS 3, *Business Combinations*, with respect to providing guidance on the circumstances or factors that are relevant when identifying an acquirer in a business combination under IFRS 3 in the context of a situation where a group plans to spin off subsidiaries using a new entity and the acquisition of the subsidiaries by the new entity is conditional upon completion of an initial public offering.

We do not agree with the Committee's decision to deal with this issue, which is widespread in certain jurisdictions (albeit not, as noted in the tentative agenda decision, in many others) and for which we have seen real diversity in practice, through a rejection notice. Whilst we agree that a reasonable analysis of the requirements of IFRS 3 is presented in the tentative agenda decision, there would be significant transitional issues for entities that have previously applied a different treatment. Accordingly, any clarification of the treatment of transactions such as those described in the tentative agenda decision should be carefully considered, including consideration of potential changes in practice that may result and the need for transitional provisions. We believe that a full interpretation or an amendment to IFRS 3 via the Annual Improvements Project would be more suitable for these purposes than an IFRIC rejection notice.

If you have any questions concerning our comments, please contact Veronica Poole in London at +44 (0)20 7007 0884.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'V. Poole', written in a cursive style.

**Veronica Poole**  
Global Managing Director  
IFRS Technical